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Annual Report 1974
BEAVER ENGINEERING LIMITED

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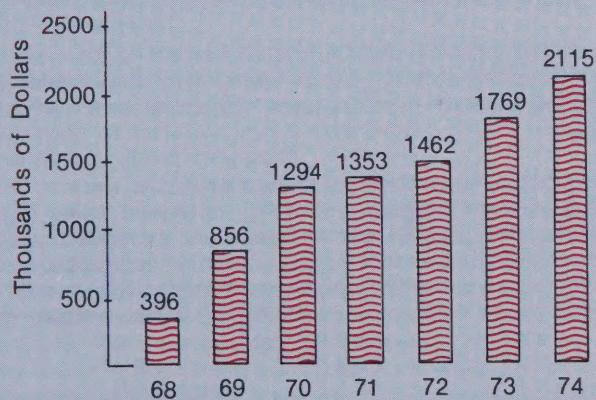


ENGINEERING

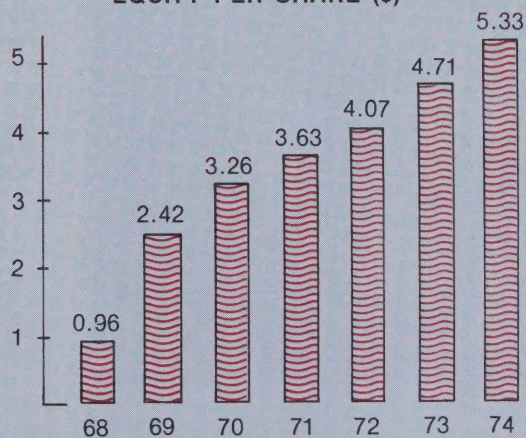
FINANCIAL HIGHLIGHTS

	<u>1974</u>	<u>1973</u>	<u>Increase</u>
Sales	\$14,462,000	\$13,501,000	7.1%
Net Earnings after Taxes	485,000	467,000	3.9%
Earnings per Share	.81	.78	3.9%
Dividends per Class A Share	.18	.14	28.6%
Working Capital	2,115,000	1,769,000	19.6%
Shareholders' Equity	3,212,000	2,835,000	13.3%

WORKING CAPITAL (\$,000)



EQUITY PER SHARE (\$)



President's Report To Shareholders



W. H. Harper, President

This Annual report is for our twenty-first year in business. Our sales, earnings and dividends have all established new records.

At Beaver, we view the report as an instrument through which we annually communicate with our shareholders, and with our customers, suppliers and employees as well. Hopefully, the numbers and the words will convey an assurance that corporate progress was made in many areas during 1974. However, the message would be incomplete if it did not convey some indication of our corporate consciousness; our concern for our employees; the pride we have in our accomplishments and our aim to have only satisfied customers; the flexibility we demonstrate in meeting new challenges and coping with changing conditions; our involvement in the community we serve; and our concern for the apparent lack of direction or leadership from our governments.

Many industries have found 1974 to be an unusual and difficult year. Contributing to the problem have been inflationary influences, rapidly escalating costs, high interest rates, the energy crisis with accompanying increased utility and fuel prices.

In November 1974, the federal government passed the new 10% corporation surtax, but made it retroactively effective for 2/3 of the year. It increased our taxes by approximately \$20,000, which reduced our earnings by 3-1/3 cents per share.

It has been a challenge to show corporate progress in light of the following increased costs during 1974:

- Increase in average salary and hourly rate of over 9%
- Increase in fuel and utility costs of \$18,000
- Increase in municipal taxes paid \$5,000
- Increase in Federal Taxes because of corporation surtax of 6-2/3%

In addition, during 1974 several factors had to be contended with in a manner deemed acceptable to the company and its shareholders, but still being consistent with our employee concerns, and our customers' best interests.

- The purpose of the business is to make a profit
- Shareholders expect progress, that is, increased sales and profits
- Some shareholders expect commensurately increased dividends
- Employees expect increased wages, salaries and opportunities
- Suppliers expect more for the goods and services they furnish
- Governments at all levels expect increased taxes — from increased business as well as increased tax rates.

If all of these pressures are to be met, prices must advance by an amount greater than that required to reflect increased costs. This will add to inflation. But if inflation is bad for the country, it would be in the national best interest if the government were to establish priorities regarding the above pressures and so give the people and business some indication as to their expectation.

The diversified involvement of Beaver in wholesaling, manufacturing, servicing, contracting, environmental and energy conservation management and engineering services has been a major factor in our ability to continue showing progress.

WORKING CAPITAL

The working capital of the company as of December 31, 1974 was \$2,115,000 compared with \$1,769,000 a year earlier. The ratio of current assets to current liabilities was 1.9 to 1.

In October, 1974 we accepted an offer to sell our head office real estate property and lease back the use of the facility for four years with an option to extend the lease for four more years. As this transaction closed on January 10, 1975, it is not reflected in the following 1974 Financial Statements. However, as it has a considerable bearing on the company's immediate working capital, mention of it here seems mandatory. The sale alone, would increase the above shown working capital instantaneously, as of January 10th to approximately \$3,000,000 and considerably improve the current ratio (to 2.4:1). After provisions for taxes, the gain on the sale will contribute approximately 50¢ per share to 1975 earnings.

FIXED ASSETS

Capital expenditures in 1974 amounted to \$169,000. The allowance for depreciation and amortization for the period was \$142,000.

DIVIDENDS

At a special meeting of the Shareholders on October 21, 1974, the Articles of the company were amended to reclassify the issued common shares to Class A participating shares, and to authorize the creation of Class B participating shares. These Class A and Class B shares are inter-convertible on a share for share basis. Class A shares receive taxable dividends, whereas Class B shares receive tax paid dividends. Two dividends were declared on the Class A shares, each at 9¢ for a total of 18¢ in 1974. The dividend on the Class B shares was at 7.65¢ per share, or 85% of the Class A dividend.

PEOPLE

Salaried — The goal the company has always had is for all of our personnel to be paid for their services at rates at least equal to or better than the average prevailing in our industry or our area for similar work. There have been examples where we have failed to achieve this goal. During 1974, a firm of professional consultants working with a committee and our Executive Vice President, J.L. Attwood made a very extensive study of each salaried position. Commensurate salary levels were established for each position considering the skill, effort and degree of responsibility involved.

We now feel confident that our salaried personnel are being rewarded for their efforts on a basis that is fair and equitable both within the company and without.

Hourly — Our construction and service hourly paid union personnel are working under agreements that expire April 30th, 1975.

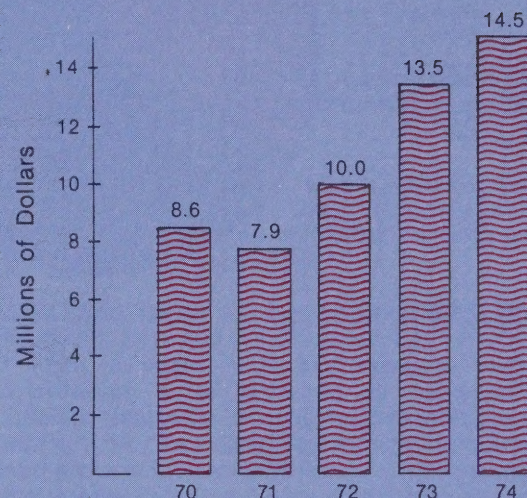
It seems to some that the construction industry started the country down the road of inflation many years ago, and up until recently has been the leader along this path.

With the current slowdown in construction and still high cost of mortgage funds, there are probably more men unemployed in the construction industry than ever before. Perhaps this and the current economic condition of the country will cause reason to prevail and a just and acceptable agreement can be negotiated prior to May 1st that will be in the best interests of labour, management and the industry that we serve and that supports us both.

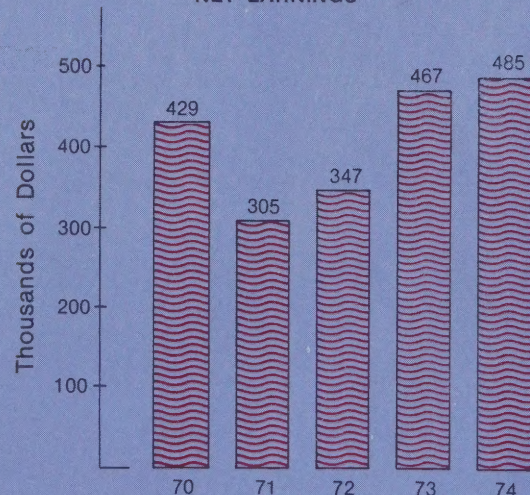
Management — Mr. Gordon S. Macivor, P. Eng. joined Beaver in 1974 and was given responsibility for our manufacturing operations. He is amply qualified having been in charge of manufacturing for Carrier Engineering Limited and for Chrysler Airtemp where he became Vice President and General Manager. As of January 1, 1975, he will also be in charge of our construction operations.

Mr. David A. Holman, C.A. has been appointed Corporate Controller. He has been responsible for our accounting, electronic data processing and office services. With current systems and staffing, he will be able to devote more time in 1975 to controlling functions, the minimization of expense, and the recognition of profitable opportunities.

SALES

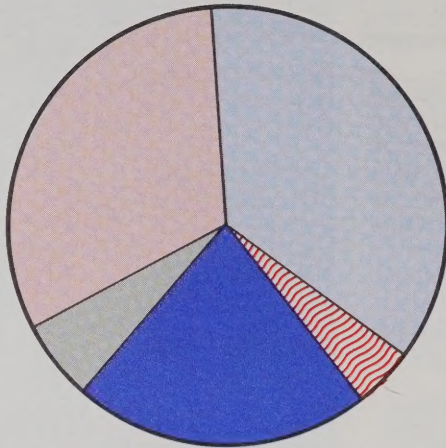
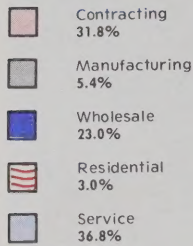


NET EARNINGS

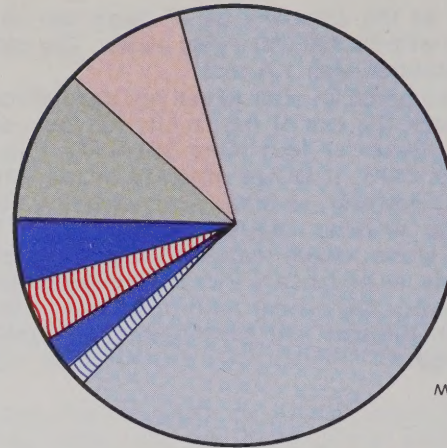
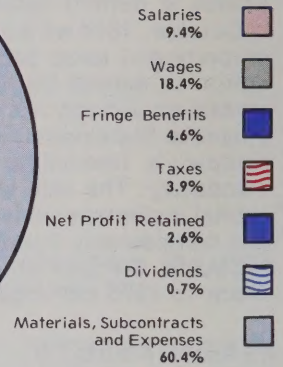


1974 INCOME DOLLAR

Source



Distribution



OPERATIONS

Further progress has been made in 1974 towards the development of business of a repetitive nature. The proportions of our work in wholesale sales, service and manufacturing are now well over 50% of the total. Obviously, there is a portion of our contracting business that is about as predictable as our activities referred to above. Our goal in 1975 is to provide a better liaison with and attention to all of the needs of our customers through attentive marketing.

Service Division

In spite of a cooler than normal summer, our service volume of business increased in 1974 to \$5,195,000 from 1973 total of \$4,537,000.

Because of the energy shortage and the substantial increases in utility costs, we have made an investment in equipment and sophisticated instruments. They enable us to make adjustments that will improve the efficiency of the mechanical and electrical equipment of our customers, hence saving them operating costs at the same time as they conserve energy.

The computer serves many very useful functions for our service operations. Among them, it continuously analyzes our service business and related costs. This and other considerations have led us to conclude that our work at the Toronto International Airport as well as our service involvement with Consumers' Gas were not a viable part of Beaver's normal business. Hence, we have cancelled both contracts effective October, 1974 and January, 1975 respectively.

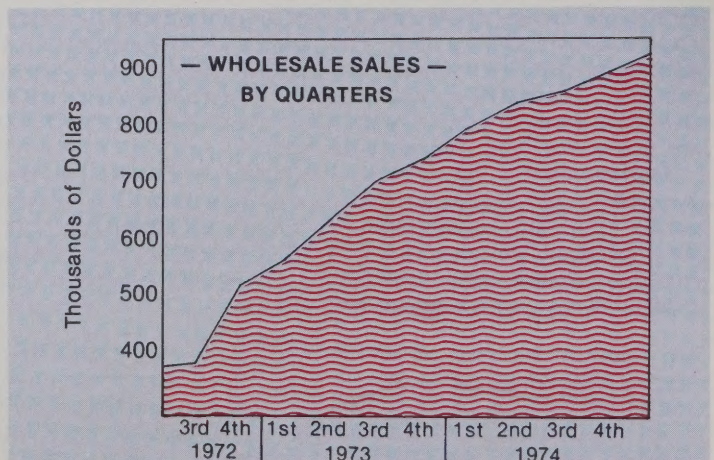
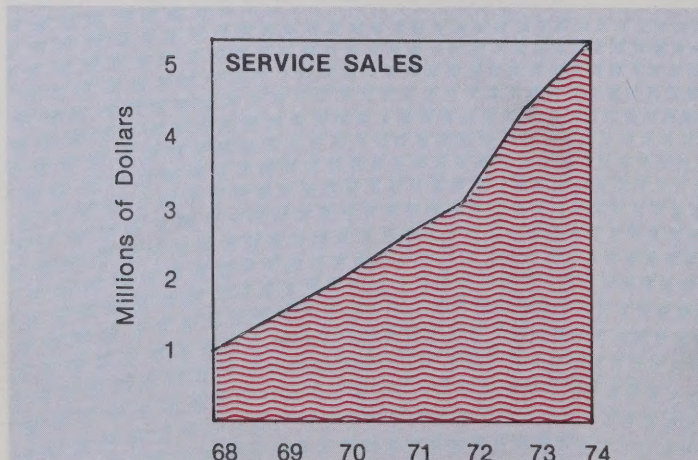


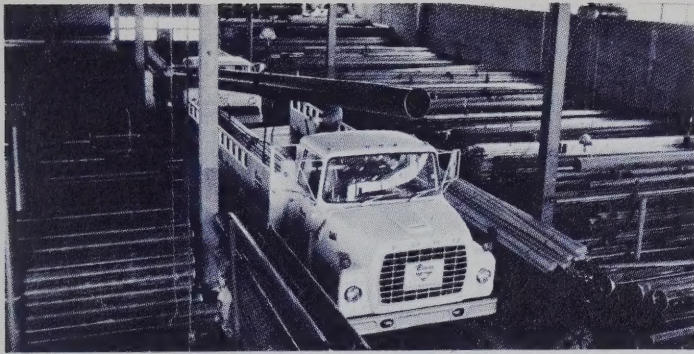
As a combined energy conservation and cost reduction programme in early 1974, we injected compact vehicles into our service fleet. Results of the programme to date have been excellent and we will be adding a similar number again in 1975. A few small units are shown here.

Wholesale Division

The wholesale operation was acquired in May, 1972. During 1974 business has continued to increase each quarter. This brings the total to 11 consecutive quarters each showing greater volume than any before. Wholesale sales (not counting internal sales or transfers to other divisions) in 1974 were \$3,350,000 compared to \$2,700,000 in 1973.

This 24% increase in business is very commendable considering the material shortages, pipe quotas and price escalations. The excellent performance of our wholesale personnel in anticipating shortages, as well as customer requirements allowed us to maintain a high level of customer service to an increasing number of satisfied accounts.





Loading pipe into a new truck in the pipe bay at Wholesale.

Contracting

Volume held up fairly well in 1974, but profitability suffered. Some of the contributing factors to the problems were equipment shortages, construction delays, inadequate allowances for proper field supervision, unsatisfactory mix of work, and unforeseen escalating costs on fixed price contracts.

Many corrective moves have been made towards the end of 1974 which should result in a considerable improvement in 1975.

All construction, manufacturing and installation facilities are now combined into one department to provide continuous and absolute control of all phases of contract execution.

In this manner, our facilities will be used in the optimum manner to provide satisfactory work, completed on schedule for our customers and at the same time ensure the best possible return to our shareholders.

Residential

The air conditioning equipment furnished by our residential section is manufactured specifically for us to exacting standards. In the four years of experience we have had with it, our conclusion is that we offer the quietest, most dependable, best protected and most efficient unit that we have seen.

Although it represents only 3% of our business, it is important because of its potential growth, and the customers that we can properly serve through this specialty operation.

Manufacturing

There has been a very noticeable increase in demand for Beaver custom designed and fabricated heating, ventilating and air conditioning equipment rooms.

Beaver Manufacturing has built custom equipment in 1974 for such companies as Chrysler Corporation, Dominion Foundries and Steel Limited, Goodyear Tire and Rubber Co. of Canada Limited, Eaton's of Canada Limited.

Our output has been about double that for 1973, and we hope to more than double again in 1975.

Engineering

Beaver's engineering facility, experience, talent and training have been primarily used to design and execute our contracted installations. It is now concluded that our customers have need of this knowledge and competence to assist them

in their energy conservation investigations, and to develop substantial operating savings, particularly in connection with the cost of utilities and the conservation of fuel. At Beaver, we propose to capitalize on this by offering our engineering services to survey, investigate and report with recommendations on how to minimize their operating expenses. This will not only be beneficial to our customers, but it will contribute to energy conservation which is in the best interests of our country.

OUTLOOK

Despite the uncertainties of the economy, we feel we will be able to take advantage of important opportunities that exist in 1975.

The substantial drop in prime lending rates will be followed by a lowering of mortgage interest rates. This will make some projects viable which could not proceed with the higher rates that have been applicable.

The cut in Federal Sales Tax on building materials from 11% or 12% to 5% could also add to the feasibility of some projects.

We feel too, that our computer is working for us most advantageously. With timely reporting and more rigid controls on all phases of our work, improved performance can be expected in the coming year.

Although we are budgeting for increased sales and profits in 1975, we feel that the tempo will not appreciably pick up before the end of the second quarter.

However, Beaver's reputation in industry, our strong cash position, our realigned marketing plan, our strengthened control procedures all contribute to our confidence as we move into 1975.

APPRECIATION

Your directors and officers wish me to express their appreciation to our customers, shareholders, employees and suppliers.

I would like to thank the directors of Beaver Engineering Limited for their valued support and guidance. I would particularly like to express my most sincere appreciation to Mr. C. E. Bell for his most commendable service on the board of Beaver Engineering Limited for so many years. Charlie has always contributed his best to the management of the company, and will continue to do this in his current capacity as Director of Industrial Sales. His resignation from the board has been accepted as it affords an opportunity for some outside businessman with experience in a different industry to contribute to the considerations and decisions taken by the board on behalf of the shareholders. The shareholders' interests are of interest to C. E. Bell as well — because he is the third largest shareholder. In the future, it is expected that the board of directors will be made up mostly of non-employees.



ENGINEERING

William H. Harper

W. H. Harper
President

March 10, 1975

CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1974

[with comparative figures for 1973]

	<u>1974</u>	<u>1973</u>
Sales	X \$ 14,462,000	\$ 13,501,000
Cost of sales, selling, administrative and other expenses — exclusive of the items listed below	13,285,000	12,375,000
Depreciation and amortization	142,000	135,000
Interest (including \$9,000 in 1974 and \$10,000 in 1973 on long-term debt)	56,000	51,000
	13,483,000	12,561,000
Earnings for the year before income taxes	979,000	940,000
Provision for income taxes	494,000	473,000
Net earnings for the year	X \$ 485,000	\$ 467,000
Earnings per share	X \$ 0.81	\$ 0.78

CONSOLIDATED STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1974

[with comparative figures for 1973]

	<u>1974</u>	<u>1973</u>
Retained earnings, beginning of year	\$ 2,234,000	\$ 1,851,000
Net earnings for the year	485,000	467,000
	2,719,000	2,318,000
Less:		
Dividends (including relevant tax paid on Class B dividends)	108,000	84,000
Retained earnings, end of year	\$ 2,611,000	\$ 2,234,000

ERING

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 1974**

[with comparative figures for 1973]

	<u>1974</u>	<u>1973</u>
Current Assets		
Accounts receivable	\$ 2,989,000	\$ 2,345,000
Inventory	1,051,000	720,000
Costs and estimated earnings in excess of billings on uncompleted contracts	396,000	420,000
Prepaid expenses	<u>3,000</u>	<u>6,000</u>
	<u>4,439,000</u>	<u>3,491,000</u>
Deduct:		
Current Liabilities		
Bank indebtedness (Note 2)	155,000	21,000
Accounts payable and accrued charges	1,555,000	1,119,000
Income taxes (including deferred of \$121,000 in 1974 and \$183,000 in 1973)	279,000	305,000
Allowance for warranties	54,000	53,000
Deferred income on service contracts	<u>281,000</u>	<u>224,000</u>
	<u>2,324,000</u>	<u>1,722,000</u>
Working Capital	<u>2,115,000</u>	<u>1,769,000</u>
Add:		
Fixed assets (Note 3)	1,148,000	1,109,000
Deferred charges	12,000	24,000
Goodwill	<u>133,000</u>	<u>121,000</u>
Total Investment	<u>3,408,000</u>	<u>3,023,000</u>
Deduct:		
Long-term debt (Note 4)	148,000	159,000
Deferred income taxes	<u>48,000</u>	<u>29,000</u>
Shareholders' Equity	<u>\$ 3,212,000</u>	<u>\$ 2,835,000</u>
Represented by:		
Share capital (Note 5)	\$ 601,000	\$ 601,000
Retained earnings	<u>2,611,000</u>	<u>2,234,000</u>
	<u>\$ 3,212,000</u>	<u>\$ 2,835,000</u>

ON BEHALF OF THE BOARD W.H. Harper, Director; J.L. Attwood, Director



ENGINEERING

CONSOLIDATED STATEMENT OF CHANGES IN WORKING CAPITAL BEAVER ENGINEERING LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 1974

[with comparative figures for 1973]

	<u>1974</u>	<u>1973</u>
Source of working capital		
From operations		
Net earnings for the year.....	\$ 485,000	\$ 467,000
Depreciation and amortization.....	142,000	135,000
Non-current deferred income taxes	19,000	29,000
	<u>646,000</u>	<u>631,000</u>
Use of working capital		
Purchase of fixed assets — net	169,000	144,000
Debt repayment	11,000	11,000
Investments in subsidiaries	12,000	61,000
Deferred charges	—	24,000
Dividends	108,000	84,000
	<u>300,000</u>	<u>324,000</u>
Increase in working capital.....	346,000	307,000
Working capital at beginning of year.....	1,769,000	1,462,000
Working capital at end of year	<u>\$2,115,000</u>	<u>\$1,769,000</u>

AUDITORS' REPORT

The Shareholders,
Beaver Engineering Limited.

We have examined the consolidated statement of financial position of Beaver Engineering Limited and its subsidiaries as at December 31, 1974 and the consolidated statements of earnings, retained earnings and changes in working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the changes in their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
February 18, 1975.

Touche Ross & Co.
Chartered Accountants.



ENGINEERING

BEAVER ENGINEERING LIMITED AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1974

1. Accounting policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiary companies.

(b) Inventory

Inventory amounts are based upon physical determinations at the year end and have been stated at the lower of cost and net realizable value.

(c) Recognition of income

(i) The Company records revenue and profits on uncompleted construction contracts based on the percentage of completion method, determined by the ratio of costs incurred to management's estimate of total anticipated costs.

(ii) Income on service contracts is recognized over the term of the relevant contract.

(d) Fixed assets

The Company records property, plant and equipment at cost. Depreciation is provided at appropriate rates to allocate original cost over the useful lives of the assets. Maintenance and repairs are charged against earnings as incurred.

(e) Goodwill

Goodwill is valued at the excess of the purchase prices of companies over the book values of their net tangible assets at the time of acquisition. Management has not adopted a policy of amortizing goodwill.

(f) Earnings per share

Earnings per share are calculated on the basis of 602,150 shares outstanding which were the number of shares outstanding at the end of both years 1974 and 1973. The exercising of options outlined in Note 5 would not have a dilutive effect on the earnings per share.

(g) Pension plan

The Beaver pension plan is a money purchase plan which has no unfunded liability for either past or future service. All current costs are expensed as incurred.

(h) Taxes on income

The financial statements include appropriate provision for taxes on income for all taxable items in net earnings regardless of the period when such taxes are payable. Income taxes on recorded profits on uncompleted contracts is deferred by the use of the completed contract method for tax purposes. Since the costs and estimated earnings in excess of billings on uncompleted contracts are classified as current assets the related deferred tax is shown as a current liability, although it may not be payable within one year. Non-current deferred income taxes result from the Company claiming a greater amount of depreciation for tax purposes than is charged to income in the financial statements.

2. Bank indebtedness

Bank indebtedness is secured by a general assignment of book debts.

3. Fixed assets

	1974	1973
Fixed assets, at cost		
Land and building	\$ 764,000	\$ 760,000
Machinery and equipment	215,000	199,000
Vehicles	460,000	395,000
Furniture and equipment	230,000	219,000
Leasehold improvements	13,000	13,000
	<u>1,682,000</u>	<u>1,586,000</u>
Less accumulated depreciation and amortization	<u>534,000</u>	<u>477,000</u>
	<u>\$1,148,000</u>	<u>\$1,109,000</u>

NOTES — Continued

ENGINEERING

NOTES — Continued

4. Long-term debt

Long-term debt is secured by a 6% mortgage on the building, repayable in monthly instalments of \$2,000 combined principal and interest, with the balance maturing in 1984 (Note 6).

5. Share capital

(a) By Articles of Amendment dated October 31, 1974, the Articles of the Company were amended to:

- (i) reclassify the 602,150 issued Common shares without par value of the Company and the 597,850 unissued Common shares of the Company into 602,150 Class A participating shares without par value and 597,850 unissued Class A participating shares without par value;
- (ii) increase the authorized capital of the Company by the creation of 1,200,000 Class B participating shares without par value;
- (iii) further increase the authorized capital of the Company by the creation of 1,000 Common shares without par value.

After giving effect to the foregoing, the authorized capital of the Company consists of 1,200,000 Class A participating shares without par value, 1,200,000 Class B participating shares without par value and 1,000 Common shares without par value.

Class A and B shares are inter-convertible on a share for share basis and along with the Common shares participate equally as to dividends but the directors may provide for the payment of dividends on the Class B shares out of tax-paid undistributed surplus on hand or out of 1971 capital surplus on hand as defined in the Income Tax Act (Canada), provided that the directors declare a cash dividend on each Class A and Common share then outstanding equal to the sum of the cash dividend on each Class B share plus the tax paid to create the relevant tax-paid undistributed surplus on hand.

Changes in the issued share capital of the Company during the year were as follows:

	Class A	Class B	Common
Shares issued and fully paid, December 31, 1973	—	—	602,150
Shares reclassified into Class A	602,150	—	(602,150)
Class A shares converted into Class B	(287,000)	287,000	—
Shares issued and fully paid, December 31, 1974	<u>315,150</u>	<u>287,000</u>	<u>—</u>

(b) At December 31, 1974, 27,850 Class A shares were reserved under a stock option plan, of which the following remain allocated and exercisable at \$5.80 per share:

Number of Shares	Year Granted	Year of Expiration
3,000	1971	1976

6. Subsequent event

Subsequent to December 31, 1974, the Company sold its land and buildings at 70 Queen Elizabeth Boulevard for proceeds of \$1,150,000 to result in an after tax gain of approximately \$300,000. The Company has entered into an agreement to lease the building for four years at a cost of \$132,000 per annum. The effect of this transaction is not reflected in these financial statements.

7. Directors' and senior officers' remuneration

The aggregate remuneration paid or payable by the Company to the ten directors and senior officers during the year amounted to \$232,000 (\$195,000 in 1973 to nine such persons).

8. Comparative figures

Certain items have been reclassified in the 1973 comparative figures to conform to the 1974 presentation.



Engineering has been the solid foundation upon which Beaver's business was built. Much of our activity depends upon a sound application of engineering principles to properly design, install and service acceptable heating, ventilating and air conditioning systems. The company strongly believes that a depth of professional experience and training is the best way to protect its investment and reputation in the air conditioning business.

Engineering services are offered to our customers for environmental studies, energy conservation investigation and reports, project or construction management services and for the development of standards to suit the longer range corporate planning of our clients.



The company contracts to provide the heating, cooling, ventilation, refrigeration and environmental control requirements for industrial, institutional and commercial spaces.

A proportion of the work is undertaken under a complete design-build contract, but some is carried out in conjunction with or under the direction of consulting engineering organizations.

The construction arm controls the shop and field activity. We have prime union agreements with refrigeration workers, sheet metal workers, pipe fitters and electricians.

Although we maintain a substantial "in house" construction capability, we may, where it is not disadvantageous to our customers, and has possible benefit to Beaver, subcontract some of the field services. However, we supervise the subcontracted work and ensure that the execution of it is up to our standards and specifications in all ways. This approximates a project management basis of execution.



Equipment, no matter how good it might be, is no better than the service facility that is available to keep it running efficiently and continuously. At Beaver, we often say "Good Service doesn't cost — it pays."

Service is offered to our customers under any one of four basic arrangements: Service by call or emergency; by inspection agreement; by service contract with labor included; or by maintenance contract covering both labor and parts.

It is known that we have the largest, best trained, best equipped air conditioning service organization in the country. To start work for Beaver, service technicians must be among the very best. We continuously upgrade the quality of workmanship and the calibre, knowledge and techniques of our service personnel, through training.



Beaver Wholesale Division services industry by stocking, supplying and delivering their total requirements for pipe, valves, fittings, hand and power tools and mechanical specialty items.

This division has a machine shop facility to cut and thread pipe to order as well as a pipe tube shop to bend and fabricate piping assemblies to exacting specifications.

Certain quality products and materials are distributed to industry and the trade. Among them are Beaver residential units, Chrysler room air conditioners, Johnson and Johnson air filters, Ridgid pipe tools, and Honeywell controls.



The manufacturing section of Beaver concentrates on the design and shop fabrication of specialized units and products for particular purposes, where the proper equipment for the project is not commercially available.

Products include custom built chillers, laboratory and EDP air conditioners, crane cab coolers, and complete shop assembled mechanical equipment rooms.

Usually anything short of a Beaver SID, (System Individually Designed) — is a compromise that will not do the job as well, operate as economically, have an equal lifespan, or require as little service.



Beaver's list of residential customers for air conditioning, electronic air cleaning, humidification and dehumidification is growing rapidly as Canadians are demanding more healthful and comfortable conditions in their homes.

Our Residential department concentrates on this specialized type of work. Although the cost of real estate has climbed rapidly, we can still add air conditioning to the average home we serve for approximately \$1,250, a small additional investment to ensure comfortable and happy summers.

Our high quality units are built to our specification to best meet Canadian conditions and operate efficiently, quietly and trouble free.

Almost all of our new customers are recommended to us by our satisfied customers.



ENGINEERING

DIRECTORS

William H. Harper, P.Eng., Toronto, Ont.*†
Chairman and President

James L. Attwood, P.Eng., Toronto, Ont. *
Executive Vice President

Charles E. Bell, P.Eng., Toronto, Ont.
Account Executive

Lawrence L. Bell, Toronto, Ont. †
Former Partner
Richardson Securities of Canada

Gerald E. Blair, P.Eng., Toronto, Ont.
Vice President

Augustus S. Dover, Toronto, Ont. †
Former General Manager
Paper Mill Division
Continental Can Company
of Canada Limited

Colin Hersh, P.Eng., Toronto, Ont. *
Executive Vice President

William L. Rootham, P.Eng., Milwaukee, Wisc. †
Corporate Vice President & General
Manager — Johnson Division,
Johnson Service Company

* *Member of the Executive Committee*
of which Mr. Harper is Chairman

† *Member of the Audit Committee of*
which Mr. L.L. Bell is Chairman

OFFICERS

William H. Harper, P.Eng.
President

James L. Attwood, P.Eng.
Executive Vice President
& Secretary

Colin Hersh, P.Eng.
Executive Vice President

Gerald E. Blair, P.Eng.
Vice President

Michael A. Williamson, P.Eng.
Vice President

W.L.B. Watts, C.G.A.
Treasurer

AUDITORS

Touche Ross & Co.,
Chartered Accountants
Toronto, Ontario

TRANSFER AGENT & REGISTRAR

Canada Permanent Trust Company
Toronto, Halifax, Winnipeg, Calgary
and Vancouver

BEAVER ENGINEERING LIMITED

Head Office

70 Queen Elizabeth Blvd.
Toronto, Ont. M8Z 1M4

Wholesale Division

45 Cranfield Road
Toronto, Ont. M4B 3H6

Residential Sales

45 Cranfield Road
Toronto, Ont. M4B 3H6

Branches and Depots

Barrie, Belleville, Brantford, Dartmouth, Hamilton, Kitchener, London, Moncton, Oshawa, Ottawa,
Sarnia, St. John's, Sault Ste. Marie, Sudbury, Sydney, Windsor



ENGINEERING

SEVEN YEAR SUMMARY

	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968(1)</u>
Operations (in thousands of dollars)							
Sales	\$14,462	\$13,501	\$ 9,965	\$ 7,938	\$ 8,569	\$ 6,360	\$ 5,343
Net Earnings	485	467	347	305	429	321	246

Common Stock (based on 602,150 shares outstanding) (in dollars)

Earnings per Share	.81	.78	.58	.51	.71	.53	.41
Dividends per Share	.18(3)	.14	.14	.14	0	(2)	(2)
Book Value per Share	5.33	4.71	4.07	3.63	3.26	2.42	0.96

Balance Sheet (in thousands of dollars)

Facilities — Net	1,148	1,109	1,069	902	793	737	116
Depreciation Provided	142	135	132	91	67	53	22
Purchase of Fixed Assets	169	144	276	200	99	674	52
Working Capital	2,115	1,769	1,462	1,353	1,294	856	396
Shareholders' Equity	3,212	2,835	2,452	2,188	1,966	1,462	579

- (1) Completed contract basis. All other sales are shown as a percentage of completion basis.
- (2) Dividends were paid in these years, but they were applicable to the shares of the predecessor corporations prior to the statutory amalgamation which formed Beaver Engineering Limited in 1969.
- (3) Dividends shown are taxable dividends for Class A common shares.

